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Activities Of The Emergency Food
And Medical Services Project
Alabama Council On Human Relations
Lee County, Alabama

B 130515

Office of Economic Opportunity

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

B-130515

The Honorable James B Allen
United States Senate

Dear Senator Allen

This is our report on activities of the Emergency Food and Medical Services project funded by the Office of Economic Opportunity in Lee County, Alabama. The project, administered by the Alabama Council on Human Relations, was intended to provide emergency food and medical assistance to those who need such assistance and to help eligible persons enroll in welfare programs, particularly the commodity food distribution program.

In response to your June 27, 1972, request and a subsequent discussion with your office, we reviewed the project's accomplishments, the procedures established to insure that participants did not use food vouchers to purchase unauthorized commodities, the eligibility of program participants, and financial transactions on a 2-month test basis.

As agreed with your office, project and Office of Economic Opportunity officials and other affected parties have not been given an opportunity to formally examine and comment on this report. However, we discussed our findings with project and Office of Economic Opportunity Region IV officials.

As agreed with your office on December 19, 1972, we are sending copies of this report to the Director, Office of Economic Opportunity, and to the Alabama Council on Human Relations. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in cursive script, reading "James B. Stacks", is written over the typed name.

Comptroller General
of the United States

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ABBREVIATIONS

GAO	General Accounting Office
OEO	Office of Economic Opportunity

COMPTROLLER GENERAL'S REPORT TO
THE HONORABLE JAMES B ALLEN
UNITED STATES SENATE

ACTIVITIES OF THE EMERGENCY FOOD
AND MEDICAL SERVICES PROJECT
ALABAMA COUNCIL ON HUMAN RELATIONS
LEE COUNTY, ALABAMA
Office of Economic Opportunity
B-130515

D I G E S T

WHY THE REVIEW WAS MADE

Senator James B Allen requested the General Accounting Office (GAO) to review activities of the Lee County, Alabama, Emergency Food and Medical Services project administered by the Alabama Council on Human Relations, an Office of Economic Opportunity (OEO) grantee

GAO reviewed the project's accomplishments, procedures to insure that project participants did not use emergency food vouchers to purchase unauthorized commodities, eligibility of program participants, and financial transactions on a 2-month test basis

Background

In June 1970 OEO granted the council \$40,000 to establish a project to provide relief to persons in Lee County suffering from hunger and disease due to malnutrition

On February 3, 1972, OEO extended indefinitely the grant period, which was initially to run from July 1970 through February 1972. OEO Region IV officials terminated the project as of December 1, 1972, because remaining grant funds of about \$8,000 were not sufficient to initiate new project programs

As agreed with Senator Allen's office, project and OEO officials and other affected parties have not

been given an opportunity to formally examine and comment on this report. However, GAO discussed its findings with project and OEO Region IV officials

FINDINGS AND CONCLUSIONS

Project accomplishments

From its inception, one of the project's major activities was directed toward locating persons eligible for the commodity food distribution program--operated by the Alabama Department of Pensions and Security--and assisting them in obtaining eligibility certification. Persons needing immediate help were issued emergency vouchers for food or medical services. Canvassing by outreach workers was the primary means of identifying persons needing aid

The project reported to OEO that, from July 1970 through June 1972, the project had helped 242 individuals obtain their eligibility certification to participate in the commodity food program. However, the project could not furnish GAO sufficient supporting documentation to substantiate its claim. The project director stated that, in her opinion, the project assisted more families than it reported to OEO but this cannot be accurately determined because outreach workers did not maintain complete records. (See p. 7)

MARCH 1, 1973

The project director also cited changes in the commodity food distribution program, such as liberalizing hours and sign-up periods, which she claimed had been effected through project efforts (See pp 7 and 8)

The director of the Alabama Department of Pensions and Security in Lee County, responsible for the county's commodity food distribution program, believed that Lee County did not need an emergency food project, that the project misinformed the county's poor people about their eligibility in the commodity program, and that changes in the program did not result from the project's efforts (See p 8)

The project director told GAO that the anticipated need for emergency vouchers had not been realized, but OEO rejected project attempts to expand its activities into other areas, such as establishing an infant-feeding project, because of the limited amount of grant funds remaining (See p 8)

Purchase of unauthorized commodities

Senator Allen's request concerned, in part, a complaint that a person in a grocery store had been seen purchasing cigarettes and clothing, among other commodities, with an emergency voucher. This violates OEO guidelines.

Although the possibility existed that voucher recipients could have purchased unauthorized commodities with food vouchers, the project did attempt to preclude redemption of vouchers for unauthorized commodities.

Project officials told GAO that outreach workers were required to

instruct recipients that they could purchase only foodstuffs with vouchers, and agreements were made with grocery stores to limit redemption of vouchers to foodstuffs (See p 9.)

Eligibility of program participants

GAO found that the project had established procedures for determining recipients' eligibility, in many cases, however, these procedures were not implemented. Eligibility forms were frequently either not prepared or were incomplete (See p 9)

Lack of adequate control over voucher issuance and payment

The project did not maintain a register of vouchers issued and redeemed, thus precluding a precise determination of how many vouchers had actually been issued, to whom, and in what amount. Through July 1972, vouchers did not support project payments of \$143 for food and \$592 for medical services (See p 10)

Management of funds

GAO reviewed expenditures of about \$14,200, or 46 percent, of total project expenditures of about \$30,650 ¹ (See p 11)

GAO questioned the propriety of the following disbursements:

--Grant funds of \$1,350 were spent for employee training even though other Government funds for such

¹The council estimated that additional expenditures of \$1,350 would be incurred after November 30, 1972, which would leave an estimated \$8,000 to be returned to OEO.

training had already been provided to the training institution through a separate grant (See p 11)

--Employees' travel claims amounting to \$220 were questionable because odometer readings were incorrect (See p 12)

--A \$5,000 expenditure was made to establish a family in business raising and selling pigs--an activity not within the scope of the project and later disapproved by OEO (See p 12)

Corrective action had been taken or promised at the time of GAO's review

CHAPTER 1

INTRODUCTION

In June 1970, OEO awarded a grant of \$40,000 under the Emergency Food and Medical Services program to the Alabama Council on Human Relations to establish a project to provide relief to persons in Lee County, Alabama, suffering from hunger and disease due to malnutrition.

According to the project proposal, about 22,750 persons in Lee County were living below the poverty index, only 2,007 of 10,000 families eligible to receive commodity foods were receiving them.

On February 3, 1972, OEO extended indefinitely the grant period, which was initially to run from July 1970 through February 1972. On November 1, 1972, OEO Region IV officials notified project officials that the project would be terminated December 1, 1972, since remaining grant funds of about \$8,000, which OEO expects to recoup, were not sufficient to initiate new programs proposed by the project.

Pursuant to a request by Senator James B. Allen on June 27, 1972, and as agreed in a discussion with his office on July 13, 1972, we reviewed the project's accomplishments, the procedures established to insure that participants did not use emergency food vouchers to purchase unauthorized commodities, the eligibility of program participants, and financial transactions on a 2-month test basis.

We made our review during August and September 1972 at the project's office in Auburn, Alabama, and at the OEO Region IV office in Atlanta, Georgia. We reviewed available records, reports, and other information relating to project activities. We also interviewed Judge Ira H. Weissinger, Probate Judge, Opelika, Alabama, Steve Pue, a student at Auburn University, who wrote to Judge Weissinger concerning the project, officials of OEO Region IV, project personnel, and representatives of the Alabama Department of Pensions and Security, Opelika, Alabama.

As agreed with Senator Allen's office, project and OEO officials and other affected parties have not been given an opportunity to examine and comment on this report. We have, however, discussed our findings with project and OEO Region IV officials.

CHAPTER 2

PROJECT ACCOMPLISHMENTS

From its inception one of the project's major activities was directed toward locating persons eligible for the commodity food distribution program--operated by the Alabama Department of Pensions and Security--and assisting them in obtaining eligibility certification. Persons needing immediate help were issued emergency vouchers for food or medical assistance. Canvassing by outreach workers was the primary means of identifying persons needing aid.

The project reported to OEO that, from July 1970 through June 1972, it had helped 242 individuals register for the commodity food program and 155 persons become certified for other types of aid and had provided transportation for 693 persons to pick up commodities. However, the project could not furnish us with sufficient supporting documentation to substantiate these claims.

Although outreach workers were instructed to maintain records of persons contacted and assisted, they have not prepared these records in all cases or the records were incomplete in others. The project director attributed this lack of documentation to the workers not understanding paperwork and to a possible lack of supervision. In her opinion, however, the number of families assisted by the project was actually much larger than that reported to OEO, but this cannot be accurately determined because outreach workers did not maintain complete records.

She cited the following changes in the commodity food distribution program, which she claimed had been effected through project efforts:

- Liberalizing hours and sign-up periods.
- Providing benches in the distribution center.
- Permitting recipients to provide their own food containers rather than paying for burlap bags in which food was previously distributed.

--Treating recipients more respectfully by commodity program personnel.

The director, Department of Pensions and Security in Lee County, responsible for the county's commodity food distribution program, indicated that she felt her agency was already providing needed services in the county and did not require assistance from the project. She stated that the commodity program was well advertised, that her department taught recipients how to utilize commodities, and the project did not increase enrollment in the program. In her opinion, the project's outreach workers led people to believe that they were eligible for commodity foods when they were not.

As for changes in the commodity program, the director was adamant that these changes had come about through her efforts to acquire additional funds from the Department of Agriculture and not through project efforts and that commodity program personnel had always treated recipients with respect.

The project reported to OEO that it had provided food or medical vouchers which assisted 1,370 persons; however, project records, which were incomplete, did not support this. The project director said that the anticipated need for emergency vouchers had not been realized. Therefore, the project's policy committee decided to modify the program's emphasis, subordinating the emergency voucher system to concentrate on more broadly based activities. As of July 1, 1972, funds for vouchers were limited to \$150 a month. Prior to July 1, 1972, there was no such limitation.

On July 24, 1972, and again on September 8, 1972, the project submitted a proposal to OEO, seeking approval to expand its activities. It proposed to establish two programs to deal with feeding the poor: first, to provide a loan to establish a Lee County family in the business of raising and selling pigs (feeder-pig program); secondly, to supply 50 infants of low-income families with iron-enriched formula for the first year of life. OEO rejected these proposals.

CHAPTER 3

EMERGENCY VOUCHERS

Senator Allen's request concerned, in part, a complaint that a person in a grocery store had been seen purchasing cigarettes and clothing, among other commodities, with an emergency food voucher. This violates OEO guidelines. The complainant said that he went to the project office to protest and, on giving his name and the number of his dependents, was issued a \$10 food voucher. We interviewed the complainant, who said that he neither asked for the voucher nor signed a declaration of need. We did not interview the employee who had issued the voucher since she was no longer employed by the project and had left the area.

PURCHASE OF UNAUTHORIZED COMMODITIES

Although it was possible for voucher recipients to purchase unauthorized commodities with food vouchers, the project did attempt to preclude redemption of vouchers for unauthorized commodities.

Project officials said that outreach workers were required to instruct recipients that they could purchase only foodstuffs with vouchers; when the outreach workers accompanied the recipients to the grocery store, they were required to see that only authorized items were purchased. Also, project officials said that agreements had been made with grocery stores to limit the redemption of vouchers to foodstuffs.

The grocer who redeemed most of the emergency food vouchers confirmed his agreement with project officials and said that his cashiers had been instructed not to accept vouchers for nonfood items. He estimated that 99 percent of the items obtained with vouchers was foodstuffs.

ELIGIBILITY OF PROGRAM PARTICIPANTS

The project established procedures for determining recipients' eligibility; in many cases, however, these procedures were not implemented

OEO guidelines provide that persons can receive program benefits if a local community action agency, school, health or community service agency, or a physician determines that they are in danger of starvation, malnutrition, or hunger. Determination of eligibility should be based on a self-declaration of need unless continued assistance is required.

The guidelines further provide for applicants to use a request for emergency food and medical services form, which contain a preprinted declaration of need for the applicant to sign and other supporting data on income and participation in other government assistance programs.

According to the project director, a declaration of need by the recipient was the eligibility criterion used for about 75 percent of the food vouchers issued. Eligibility of the remainder was based on referrals by other agencies. We found, however, that eligibility forms were frequently not prepared, not signed by either the applicant or the outreach worker, or were otherwise incomplete. Of 324 emergency food vouchers we examined, only 190 were supported by a request for emergency food and medical services form; of these 190, the declaration of need portion had been signed in only 68 cases.

LACK OF ADEQUATE CONTROL OVER VOUCHER ISSUANCE AND PAYMENT

The project did not maintain a register of vouchers issued and redeemed, thus precluding a precise determination of how many vouchers were actually issued, to whom, and in what amount. Through July 1972, the project had paid 338 food vouchers totaling \$4,174; we could not locate 14 of these vouchers totaling \$143. The project had paid medical vouchers totaling \$947; we could not locate vouchers supporting \$592.

The project had not established adequate controls over the payment of emergency vouchers. Grocers, doctors, and druggists' statements rarely referred to voucher numbers but showed the names of the recipients and the commodities or services provided. Payment of the unsupported food and medical vouchers, totaling \$735, was based on the approval of the supervisor or the outreach worker. We found two duplicate payments for about \$30.

CHAPTER 4

MANAGEMENT OF FUNDS

We reviewed expenditures of about \$14,200, or about 46 percent, of the total \$30,650 expended¹ and questioned the propriety of certain disbursements made for employees' travel and training and the establishment of a feeder-pig program. Corrective action had been taken or promised at the time of our review. A schedule of project expenditures for July 1, 1970, through November 30, 1972, is shown in appendix I.

EMPLOYEES' TRAINING

From November 1, 1970, through January 8, 1971, two project employees and four other council employees attended a 10-week training course for social workers at Auburn University, Auburn, Alabama. Auburn University paid participants a stipend comparable to the employees' salaries from funds provided under a Department of Health, Education, and Welfare grant.

Although Auburn University paid the project employees, the project issued a check for \$1,350 in March 1971 to the Head Start Training Fund to cover the employees' salaries and related costs while they were attending the training course. The project director stated that, in her opinion, the expenditure was proper because the council would use the funds for future training of all council employees, including those of the project.

We believe the expenditure was improper, however, because the cost of the training was provided for in a separate Department of Health, Education, and Welfare grant to Auburn University. OEO agreed and advised us that they would take action to recover the amount.

¹The council estimated that additional expenditures of \$1,350 would be incurred after November 30, 1972, which would leave an estimated \$8,000 to be returned to OEO.

EMPLOYEES' TRAVEL

We examined 88 paid travel claims amounting to about \$5,079 and noted 47 instances in which the beginning odometer reading for a trip was less than the last odometer reading of the preceding day. These discrepancies resulted in questionable payments of about \$220.

The director advised us that the errors resulted from outreach workers' carelessness in filling out travel vouchers and that the project would recover the overpayments through payroll deductions.

FEEDER-PIG PROJECT

On June 15, 1972, the project issued a \$5,000 check to the Southeast Alabama Self-Help Association to start one family in Lee County in a feeder-pig project. The association had operated a feeder-pig program in Alabama since 1968, largely through OEO grants, to help small farmers establish a business in raising and selling pigs. This type of activity was not included in the project's approved work program, and OEO did not approve it.

We questioned the propriety of the \$5,000 disbursement; the association refunded the \$5,000 on August 21, 1972, and the project deposited it in its bank account.

On July 24, 1972, after disbursement of the \$5,000, the project director applied for including the feeder pig-project as a project activity. OEO disapproved the application on August 28, 1972, because the program would benefit only one family and was not within the scope of the original grant. The project director applied again on September 8, 1972; on November 1, 1972, OEO notified the project it would be terminated as of December 1, 1972, since the remaining grant funds were not sufficient to initiate new programs proposed by the project.

OEO FUNDS ADVANCED AND RELATED EXPENDITURES
FOR JULY 1, 1970, THROUGH NOVEMBER 30, 1972

OEO FUNDS ADVANCED \$40,000

EXPENDITURES:

Payroll and related costs (note a)	\$17,411	
Travel costs	5,245	
Emergency vouchers		
Food	\$4,465	
Medical and dental	<u>1,032</u>	5,497
Consumables (rent, utilities and supplies)	1,051	
Audit	<u>1,449</u>	
		<u>30,653</u>
		\$ 9,347

ESTIMATED UNPAID ITEMS AS OF
NOVEMBER 30, 1972:

Payroll and related costs	\$ 350
Estimated final audit fee	<u>1,000</u>
	<u>\$ 1,350</u>
Total estimated funds to be returned to OEO	<u>\$ 7,997</u>

^aIncludes questionable expenditure of \$1,350 paid for employees' training.